MINUTES

JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES

Wednesday, September 6, 2006
9:30 AM
Room 643, Legislative Office Building

The Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services met on Wednesday, September 6, 2006, at 9:30 A.M. in Room 643 of the Legislative Office Building. Members present were Senator Martin Nesbitt, Co-Chair; Representative Verla Insko, Co-Chair, Senators Austin Allran, Janet Cowell, Jeanne Lucas, Vernon Malone, and William Purcell and Representatives Martha Alexander, Jeff Barnhart, Beverly Earle, Bob England, Carolyn Justice, Edd Nye, and Fred Steen. Advisory members, Senator Larry Shaw and Representative Jean Farmer-Butterfield were present.

Kory Goldsmith, Shawn Parker, Andrea Russo, and Rennie Hobby provided staff support to the meeting. Attached is the Visitor Registration Sheet that is made a part of the minutes. (See Attachment No. 1)

Representative Verla Insko, Co-Chair, called the meeting to order, welcoming members and guests. She welcomed Representative Jean Farmer-Butterfield and Senator Larry Shaw as Advisory members. Senator Nesbitt commented that the General Assembly had funded every item that was requested. He thanked Senator Purcell and Senator Malone for their help. He said that the committee would be looking at services that are offered, what gaps exist, and the system as a whole. Representative Insko also recognized Representatives Barnhart, Earle, England, Farmer-Butterfield and Nye for their hard work on the House Health and Human Services budget.

Representative Insko then asked for a motion to approve the minutes from the May 10, 2006 meeting. Senator Nesbitt made the motion for adoption and the minutes were approved.

Andrea Russo, Fiscal Research, and Shawn Parker from the Research Division, reviewed legislative actions from the 2006 session. Ms. Russo reviewed a spreadsheet that included the title of the recommendation, the description from the budget, where it was in the budget, the amount of money appropriated in the budget and the amount of money the LOC recommended. (See Attachment No. 2) She also reviewed items funded in the budget that were related to mental health, developmental disabilities and substance abuse but were not recommended by the LOC and LOC recommendations that were not funded. The total amount spent on mh/dd/sas items in the budget this year was $95.8 million, with $62 million in recurring funds and $34 million in non-recurring funds. Ms. Russo also provided members with summaries of the special provisions. (See Attachment No. 3)

Senator Nesbitt pointed out that the Operating Cost Subsidy had originally been non-recurring but was funded at $1.2 million a year for 12 years recurring. The LOC requested $9 million for Psychiatrist Access and the budget allowed $4.5 million. He said that DHHS could match those dollars with federal funds. He said that $6.2 million

for Hospital Debt Service was actually moved to another area of the budget and funded as debt service. With those changes, he said the total was over $120 million.

Shawn Parker reviewed procedural and policy changes that occurred through substantive legislation. (See Attachments No. 4 and No. 5) He first explained the provisions of H.B. 2077, *Mental Health Reform Changes*, which incorporated several bills Next, he reviewed H.B. 2120, *Strengthen LOC Oversight Role* and S.B. 1741 *The Appropriations Act* which had multiple provisions.

Leza Wainwright, Deputy Director of the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, explained a spreadsheet indicating how funds appropriated were allocated to community programs. (See Attachment No. 6) She said that the General Assembly dictated how most of the funds should be allocated based on per capita allocation and by poverty per capita. Concerning DD services, Ms. Wainwright noted that 3,000 people were added to the CAP MR/DD waiver for developmental therapies. These individuals were already Medicaid eligible whose needs were being addressed by CBS. She said that based on the billings of the last quarter figures of fiscal year 2005-2006, the $26 million allotted was adequate to serve all of those just added to the waiver and those who formally lost Medicaid services. With new guidelines in place, services have been limited to 4 hours of services, per person, per day unless there is additional justification. Restrictions were placed on Developmental therapy allowing schools to only offer services before and after school but not during the day.

Members expressed concern over the disproportionate funding between area programs. Ms. Wainwright said the figures were based on CBS services being received at the time of the change. DHHS tried to allocate the $26 million to fulfill the commitment to insure that Medicaid individuals that were being supported by CBS would have services provided. DHHS expects to be able to monitor if the variations are justified or if there is too much money to operate at a standard level of 4 hours per day. Ms. Wainwright said that the results of the Funding Equity Study would be ready for the November LOC meeting. She said that she could provide data indicating the amount of service per individual recipient once a billing history was established. She also said that all the funds had been allocated except the non-recurring funds for crisis services which would be allocated once the crisis plans had been submitted on March 1, 2007. It was suggested that a map with the breakdown of area programs be placed in each of the member's folders for reference. Legislative staff distributed a map of the LMEs and a list of counties in each LME along with their contributions. (See Attachments No. 7 and No. 8)

Ms. Wainwright was asked when the consultants would start and how they would be used. She explained that there would be 2 separate Request for Proposals. The first one, posted today, would assist DHHS and the LMEs with crisis planning. The second RFP would help with State-level strategic planning and technical assistance to the LMEs. That RFP is currently in the approval process and should be posted in approximately 2 weeks. She also said that the report on how the Mental Health Trust Fund dollars would be spent would be ready to present at the October 6th meeting. Senator Nesbitt stated that the Trust Fund needed to be recurring funds in order to build community capacity.

Regarding funding priorities, Representative Insko pointed out to the committee that there were individuals who are part of the target population, that are not Medicaid eligible and do not have adequate funding. She suggested that the committee needed to think about how to prioritize funding services when requesting additional funds. It was also suggested that staff contact the NC County Association to determine the amount of money going to the LMEs by county, and what restrictions might apply. Ms. Wainwright said that information was available and she would provide it to the committee.

Continuing, Ms. Wainwright outlined how DHHS plans to accomplish tasks assigned by the Legislature during the last session. (See Attachment No. 9) She detailed the requirements of H.B. 2077, highlighting the required components of the State Plan, rules, and performance measures. She also gave the projected completion date for each. Ms. Wainwright then reviewed the requirements in Budget Bill - S.B. 1741. She discussed Crisis Services funding, the status of consultants hired, and the revised LME cost model.

Ms. Wainwright said that the total number of individuals served has increased significantly in State hospitals and in the community. Ms. Wainwright was asked to provide a statewide count of the number of individuals being served. She also addressed concerns that sheriffs' departments expressed regarding confusion in knowing where to take a person in need of help. She responded that the LME had a 24/7, 365 days a year screening, access, and referral. As a resource tool for law enforcement, she said the Division website maintains a list of facilities that will accept involuntary commitments, contact information for those facilities, and contact information for emergencies at the LMEs. An article regarding the mentally ill in jails and the safety of law enforcement officers was distributed to members. (See Attachment No. 10) It was suggested that the Department contact sheriff offices across the State with options regarding how to handle the mentally ill. It was also suggested that time be allotted at the December meeting to hear from the sheriff's department in Brunswick County. Another suggestion was to have a psychiatrist on call for law enforcement officers. Ms. Wainwright said that there were approximately 15 programs across the State in which the Department had been working with law enforcement agencies to develop their understanding of the issues surrounding persons with mental illness, developmental disabilities and substance abuse issues.

Ms. Wainwright was asked about the number of mentally ill people in adult care homes. She responded that the single most important issue was the lack of affordable housing. As long-term care portions of State hospitals are closed, individuals all too often are placed in adult care facilities.

Next, Terry Hatcher, Director, Office of Property and Construction, gave an update on the status of capital projects. (See Attachment No. 11) He first addressed the replacement of the Psychiatric hospitals. The new Central Region hospital in Butner is currently under construction and should be operational by January 2008. Special authorization of indebtedness was granted for Cherry and Broughton hospitals. Cherry hospital received authorization for $145.5 million dollars allowing for design to begin in November 2006 and would become operational approximately August 2010. For

Broughton hospital, the special indebtedness of $162.8 million is not available until July 2008 at which time the design can begin. Design money in the amount of $3 million is needed in order to move forward so that Cherry and Broughton could move simultaneously. Senator Nesbitt requested additional figures on the funds needed to begin the design on Broughton hospital.

Mr. Hatcher then addressed the DD centers. He first reviewed 3 projects at Caswell Center, one under construction with a completion date of February 2008. The other 2 have completion dates of August and October 2007. Murdoch Center, Alpine Cottage has a completion date of April 2008, and the Heating Plant/Distribution System will be complete in October 2007. NC Special Care Center's largest patient care facility, Scott Wing, will begin construction in December of 2006, with completion in January 2008. Walter B. Jones and Julian F. Keith Alcohol and Drug Abuse Treatment Centers have detox units near or under construction. The Barrett Building in Butner will be converted to R.J. Blackley once the new hospital opens.

Tara Larson, Assistant Director of Clinical Policy, DMA, addressed the transition to Value Options. She said there had been several factors contributing to the delay in authorization performing UR for Medicaid services. Some of the problems have been timeliness of the authorizations, errors in authorization dates, problems with amounts of units authorized, and customer services. She said several things had been done to try to correct the problems. There was a higher demand of service requests than originally expected. More people are in the system and more types of service have been requested. She said it had been difficult to find qualified staff to cover the phones and review cases. As of September 5th, Value Options had received almost 54,000 requests, of those 46,000 had been processed. All requests prior to August 16th had been processed in some manner. The typical response time is 3 to 5 days. In addition, she said there had been 1,400 Early, Periodic Screening Diagnostic and Treatment requests which is a process in which Medicaid is used to cover non-covered services or non-state planned Medicaid services.

Ms. Larson said that monitoring by DMA of Value Options began on June 1. Two issues scrutinized at that time were the timeliness of the authorizations and the quality of the submissions. Challenges were immediately noted in implementation and a memo was sent to all parties to ensure the commitment to providers and recipients so that services would not be disrupted. She said that DMA would work with individual providers and families to trouble shoot individual cases; examine cash flow issues with providers; and an effort was being made to speed up authorizations. She added that Value Options was recruiting staff and have offered overtime and bonuses to staff to work on timelines. VO has installed multiple phone lines, increased their computer service capacity, and increased the number of fax lines. A work group has been established to trouble shoot and problem solve issues as they arise. A strategic alliance group made up of members of the provider community and co-chaired by DMH and DMA serves as an advisory group to the Department regarding UR and implementation. Ongoing training offered by DMA, DMH, and Value Options begins September 13th for providers covering various topics on implementation. She said that it was anticipated that VO would be in compliance with

their contract soon. Members requested a copy of the contract between DMA and Value Options for review. It was suggested that Ms. Larson provide a written executive summary of her presentation.

After lunch, Kory Goldsmith with the Research Division reviewed the LOC work plan and goals for the interim. (See Attachment No. 12) The 3 primary issues the committee would focus on during the interim would be: LME funding allocation, LME issues, and Services. She said the goal was to review all the topics and make recommendations to the 2007 General Assembly.

Representative Insko said that she and Representative Earle had met with the Department to discuss a report that had been submitted to the Commission on Aging on mentally ill residents in Adult Care Homes. It was suggested that a joint subcommittee between the Commission on Aging and the LOC look at: the long term and short term housing needs of the mentally ill; services offered to the mentally ill; separation of the populations, what criteria should be used; and funding for those conclusions. She asked for a motion to authorize the appointment of 2 House members and 2 Senate members to the subcommittee. Representative Justice made the motion that the LOC participate in the joint subcommittee. The committee approved the motion.

Next, Vivian Leon, Mental Health Program Manager with the Best Practice Team, gave an in-depth description of services and supports for the developmentally disabled. (See Attachment No. 13) She began with a general definition of developmental disability as defined in the General Statutes. She then described how individuals falling under that definition access services in the system and the specifics of the service definitions available to individuals. Individuals with DD have a disability prior to age 22. The only exception is a traumatic brain injury which may occur after age 22. She explained that a person with DD would need some level of support throughout their life or for an extended period of time. The intent is to support individuals with DD so they can be as independent as possible and to fully integrate them into the community and to enable them so they can be contributing citizens. The type of services available (Medicaid covered services or non-Medicaid/State funded services) to a person with DD are determined during an assessment and a person centered planning process. Ms. Leon explained the Medicaid services available which included: community based ICF-MR facilities, State operated ICF-MR developmental centers, targeted case management, and CAP-MR/DD waiver services. She said the average cost for an individual served under the CAP-MR/DD waiver is $45,000 per year compared to $72,000 for the care of someone in an institution. She was asked if room and board was paid by Medicaid under the CAP-MR/DD waiver. She responded that Medicaid does pay for room and board in an ICF/MR, but under the waiver the Federal government will not pay room and board. Ms. Wainwright added that the LMEs are responsible for a catchment area wide fee schedule. She said that there was a General Statute that requires ability to pay determination be made, and fees be collected. The contract with the LMEs requires them to ensure that their providers apply their individual sliding fee scale and collect fees. The committee asked for a copy of the fee scales.

Under State funded services, Ms. Leon discussed group living residential services. She stated that based on need, services were for non-Medicaid or Medicaid eligible recipients. She said that the rates were relatively low and based on the consumer's level of need for support. She was asked to provide the number of CAP recipients also receiving group living rates and if they are low, moderate, or high needs group homes and to also provide the average annual cost per year for services.

There being no further business, the meeting adjourned at 3:00 PM.

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Senator Martin Nesbitt, Co-Chair	Representative Verla Insko, Co-Chair

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Rennie Hobby, Committee Assistant